



HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2015  
OF THE CONDITION AND AFFAIRS OF THE

SilverScript Insurance Company

NAIC Group Code 4667 (Current) 4667 (Prior) NAIC Company Code 12575 Employer's ID Number 20-2833904

Organized under the Laws of Tennessee, State of Domicile or Port of Entry Tennessee

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

Is HMO Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized 05/11/2005 Commenced Business 01/01/2006

Statutory Home Office 445 Great Circle Road (Street and Number), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code)

Main Administrative Office 445 Great Circle Road (Street and Number), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code), 615-743-6600 (Area Code) (Telephone Number)

Mail Address 445 Great Circle Road (Street and Number or P.O. Box), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 445 Great Circle Road (Street and Number), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code), 615-743-6600 (Area Code) (Telephone Number)

Internet Website Address http://www.silverscript.com

Statutory Statement Contact Xiaoqi Glenn Wang (Name), 401-770-9669 (Area Code) (Telephone Number), Xiaoqi.Wang@CVSCaremark.com (E-mail Address), 401-733-0136 (FAX Number)

OFFICERS

President Todd Dean Meek

Treasurer Anthony Graham Strong

Vice President Albert Franklin Moffett

Secretary Michele Wugalter Buchanan

OTHER

Rebecca Conway Justice Actuary

DIRECTORS OR TRUSTEES

Harold Neil Lund

Todd Dean Meek

Jane Frances Barlow

Mary Kristina Meyer

David Scott Azzolina

State of County of SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Todd Dean Meek President

Michele Wugalter Buchanan Secretary

Anthony Graham Strong Treasurer

Subscribed and sworn to before me this day of

a. Is this an original filing? b. If no, 1. State the amendment number. 2. Date filed 3. Number of pages attached.

Yes [ X ] No [ ]

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	2,751,191	242,977	2,508,214	2,819,579
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens.....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....(1,334,623) ), cash equivalents (\$ ..... ) and short-term investments (\$ .....10,751,181 ) .....	9,416,558		9,416,558	63,769,746
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Derivatives .....			0	0
8. Other invested assets .....			0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	12,167,749	242,977	11,924,772	66,589,325
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	10,964		10,964	18,171
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	64,159,407	52,788,949	11,370,458	13,601,218
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	5,421,560		5,421,560	0
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....	3,444,854,128	945,283	3,443,908,845	2,650,870,627
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....	33,175,400	38,987	33,136,413	33,136,413
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....			0	0
24. Health care (\$ ..... ) and other amounts receivable .....			0	0
25. Aggregate write-ins for other than invested assets .....	7,021,395	7,021,395	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	3,566,810,603	61,037,591	3,505,773,012	2,764,215,754
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27)	3,566,810,603	61,037,591	3,505,773,012	2,764,215,754
DETAILS OF WRITE-INS				
1101. ....			0	0
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above) .....	0	0	0	0
2501. Prepaid Expenses .....	7,021,395	7,021,395	0	
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above) .....	7,021,395	7,021,395	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....32,520,049 reinsurance ceded) .....	152,527,576		152,527,576	115,324,366
2. Accrued medical incentive pool and bonus amounts .....	19,026,139		19,026,139	14,381,096
3. Unpaid claims adjustment expenses .....			0	0
4. Aggregate health policy reserves, including the liability of \$ ..... for medical loss ratio rebate per the Public Health Service Act .....	245,591,186		245,591,186	225,652,067
5. Aggregate life policy reserves .....			0	0
6. Property/casualty unearned premium reserve .....			0	0
7. Aggregate health claim reserves .....			0	0
8. Premiums received in advance .....	4,921,011		4,921,011	3,624,788
9. General expenses due or accrued .....	8,226,125		8,226,125	5,388,075
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....	140,395,567		140,395,567	97,399,362
10.2 Net deferred tax liability .....			0	0
11. Ceded reinsurance premiums payable .....	35,570,741		35,570,741	52,390,591
12. Amounts withheld or retained for the account of others.....			0	0
13. Remittances and items not allocated .....	7,077		7,077	232,905
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....			0	0
15. Amounts due to parent, subsidiaries and affiliates .....	880,284,335		880,284,335	451,922,329
16. Derivatives .....			0	0
17. Payable for securities .....			0	0
18. Payable for securities lending .....			0	0
19. Funds held under reinsurance treaties (with \$ .....3,302,547 authorized reinsurers, \$ .....85,887,237 unauthorized reinsurers and \$ ..... certified reinsurers).....	89,189,784		89,189,784	81,937,407
20. Reinsurance in unauthorized and certified (\$ ..... ) companies .....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
22. Liability for amounts held under uninsured plans .....	1,430,045,067		1,430,045,067	1,267,884,755
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	0	0	0	0
24. Total liabilities (Lines 1 to 23) .....	3,005,784,608	0	3,005,784,608	2,316,137,741
25. Aggregate write-ins for special surplus funds .....	XXX	XXX	39,337,088	61,556,686
26. Common capital stock .....	XXX	XXX	2,750,000	2,750,000
27. Preferred capital stock .....	XXX	XXX		
28. Gross paid in and contributed surplus .....	XXX	XXX	124,750,000	124,750,000
29. Surplus notes .....	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	0	0
31. Unassigned funds (surplus) .....	XXX	XXX	333,151,316	259,021,327
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ ..... ) .....	XXX	XXX		
32.2 ..... shares preferred (value included in Line 27 \$ ..... ) .....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	499,988,404	448,078,013
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	3,505,773,012	2,764,215,754
DETAILS OF WRITE-INS				
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0	0
2501. Section 9010 Special Surplus .....	XXX	XXX	39,337,088	61,556,686
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	XXX	XXX	39,337,088	61,556,686
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	XXX	30,820,773	27,635,536	36,635,427
2. Net premium income ( including \$ ..... non-health premium income).....	XXX	1,902,402,799	2,056,855,454	2,519,810,780
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	(19,939,119)	(42,678,676)	(3,576,602)
4. Fee-for-service (net of \$ ..... medical expenses).....	XXX			
5. Risk revenue .....	XXX			
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	1,882,463,680	2,014,176,778	2,516,234,178
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....				
10. Other professional services .....				
11. Outside referrals .....				
12. Emergency room and out-of-area .....				
13. Prescription drugs .....		1,854,455,515	2,097,891,938	2,487,843,197
14. Aggregate write-ins for other hospital and medical .....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts .....		27,912,064	16,413,441	22,394,710
16. Subtotal (Lines 9 to 15) .....	0	1,882,367,579	2,114,305,379	2,510,237,907
<b>Less:</b>				
17. Net reinsurance recoveries .....		379,141,174	428,659,179	513,789,533
18. Total hospital and medical (Lines 16 minus 17) .....	0	1,503,226,405	1,685,646,200	1,996,448,374
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$ .....18,737,033 cost containment expenses .....		95,637,986	129,411,902	171,353,561
21. General administrative expenses .....		164,312,394	84,923,200	101,788,780
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....				0
23. Total underwriting deductions (Lines 18 through 22).....	0	1,763,176,785	1,899,981,302	2,269,590,715
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	119,286,895	114,195,476	246,643,463
25. Net investment income earned .....		40,707	17,457	24,029
26. Net realized capital gains (losses) less capital gains tax of \$ .....				
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	40,707	17,457	24,029
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ .....286,778 ) (amount charged off \$ .....56,476,727 )]......		(56,189,949)	(325,172)	(24,714,285)
29. Aggregate write-ins for other income or expenses .....	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	63,137,653	113,887,761	221,953,207
31. Federal and foreign income taxes incurred .....	XXX	42,996,205	59,913,489	97,391,991
32. Net income (loss) (Lines 30 minus 31) .....	XXX	20,141,448	53,974,272	124,561,216
<b>DETAILS OF WRITE-INS</b>				
0601. ~ .....	XXX			0
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698)(Line 6 above) .....	XXX	0	0	0
0701. ~ .....	XXX			0
0702. ....	XXX			
0703. ....	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798)(Line 7 above) .....	XXX	0	0	0
1401. ~ .....				0
1402. ~ .....				0
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above) .....	0	0	0	0
2901. ~ .....				0
2902. ~ .....				0
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above) .....	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
CAPITAL AND SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year.....	448,078,013	331,862,104	331,862,104
34. Net income or (loss) from Line 32 .....	20,141,448	53,974,272	124,561,216
35. Change in valuation basis of aggregate policy and claim reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....			
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			3,966,359
39. Change in nonadmitted assets .....	31,768,943	(30,340,567)	(12,311,666)
40. Change in unauthorized and certified reinsurance .....	0	0	0
41. Change in treasury stock .....	0	0	0
42. Change in surplus notes .....	0	0	0
43. Cumulative effect of changes in accounting principles.....			
44. Capital Changes:			
44.1 Paid in .....	0	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0	0
44.3 Transferred to surplus.....			
45. Surplus adjustments:			
45.1 Paid in .....	0	0	0
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Transferred from capital .....			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0	0
48. Net change in capital & surplus (Lines 34 to 47) .....	51,910,391	23,633,705	116,215,909
49. Capital and surplus end of reporting period (Line 33 plus 48)	499,988,404	355,495,809	448,078,013
DETAILS OF WRITE-INS			
4701. ....			0
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798)(Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	1,885,754,570	2,030,419,291	2,487,800,707
2. Net investment income .....	43,536	40,779	49,335
3. Miscellaneous income .....	0	0	0
4. Total (Lines 1 to 3) .....	1,885,798,106	2,030,460,070	2,487,850,042
5. Benefit and loss related payments .....	1,461,378,152	1,561,961,233	2,070,565,376
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	478,845,908	502,568,337	357,955,213
8. Dividends paid to policyholders .....			
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....	0	0	44,498,957
10. Total (Lines 5 through 9) .....	1,940,224,060	2,064,529,570	2,473,019,546
11. Net cash from operations (Line 4 minus Line 10) .....	(54,425,954)	(34,069,500)	14,830,496
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	500,000	640,000	640,000
12.2 Stocks .....	0	0	0
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	0	260,000	260,000
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	500,000	900,000	900,000
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	427,234	633,063	633,063
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	427,234	633,063	633,063
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	72,766	266,937	266,937
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied) .....	0	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	0	0	0
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(54,353,188)	(33,802,563)	15,097,433
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	63,769,746	48,672,313	48,672,313
19.2 End of period (Line 18 plus Line 19.1) .....	9,416,558	14,869,750	63,769,746

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital & Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Other
		2  Individual	3  Group							
Total Members at end of:										
1. Prior Year .....	2,994,368	0	0	0	0	0	0	0	0	2,994,368
2. First Quarter .....	3,424,531	0	0	0	0	0	0	0	0	3,424,531
3. Second Quarter .....	3,425,007	0	0	0	0	0	0	0	0	3,425,007
4. Third Quarter .....	3,449,457									3,449,457
5. Current Year	0									
6. Current Year Member Months	30,820,773									30,820,773
Total Member Ambulatory Encounters for Period:										
7. Physician .....	0									
8. Non-Physician .....	0									
9. Total	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	0									
11. Number of Inpatient Admissions	0									
12. Health Premiums Written (a) .....	2,377,624,872									2,377,624,872
13. Life Premiums Direct .....	0									
14. Property/Casualty Premiums Written .....	0									
15. Health Premiums Earned .....	2,354,476,631									2,354,476,631
16. Property/Casualty Premiums Earned .....	0									
17. Amount Paid for Provision of Health Care Services.....	1,835,744,297									1,835,744,297
18. Amount Incurred for Provision of Health Care Services	1,882,367,579									1,882,367,579

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....2,377,624,872

## CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....					0	0
2. Medicare Supplement .....					0	0
3. Dental Only .....					0	0
4. Vision Only .....					0	0
5. Federal Employees Health Benefits Plan .....					0	0
6. Title XVIII - Medicare .....					0	0
7. Title XIX - Medicaid .....					0	0
8. Other health .....	41,168,121	1,396,943,009	42,904,312	109,623,264	84,072,433	115,324,366
9. Health subtotal (Lines 1 to 8) .....	41,168,121	1,396,943,009	42,904,312	109,623,264	84,072,433	115,324,366
10. Healthcare receivables (a) .....					0	0
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....	13,805,777	9,461,245	200,944	18,825,195	14,006,721	14,381,096
13. Totals (Lines 9-10+11+12)	54,973,898	1,406,404,254	43,105,256	128,448,459	98,079,154	129,705,462

(a) Excludes \$ loans or advances to providers not yet expensed.

## Notes to Financial Statement

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

SilverScript Insurance Company (the "Company"), a Tennessee domiciled insurance company, is a wholly owned subsidiary of Part D Holding Company, L.L.C. (the "Parent"), and a wholly owned indirect subsidiary of CVS Health Corporation (the "Ultimate Parent"). The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (the "Department").

The Department recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Tennessee Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the State of Tennessee.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and its practices prescribed and permitted by the State of Tennessee is shown below:

		<u>Nine months ending September 30, 2015</u>		<u>Year ending December 31, 2014</u>	
<u>NET INCOME :</u>					
	<u>State of Domicile</u>				
State basis	<u>Tennessee</u>	\$	20,141,448	\$	124,561,216
State Prescribed Practices that increase/(decrease) NAIC SAP:	<u>Tennessee</u>		-		-
State Permitted Practices that increase/(decrease) NAIC SAP:	<u>Tennessee</u>		-		-
NAIC SAP	<u>Tennessee</u>	\$	<u>20,141,448</u>	\$	<u>124,561,216</u>
		<u>September 30, 2015</u>		<u>December 31, 2014</u>	
<u>SURPLUS :</u>					
State basis	<u>Tennessee</u>	\$	499,988,404	\$	448,078,013
State Prescribed Practices that increase/(decrease) NAIC SAP:	<u>Tennessee</u>		(242,977)		-
State Permitted Practices that increase/(decrease) NAIC SAP:	<u>Tennessee</u>		-		-
NAIC SAP	<u>Tennessee</u>	\$	<u>500,231,381</u>	\$	<u>448,078,013</u>

The Company owns a special revenue bond with the U.S. territory of Puerto Rico. Based on Tennessee Code Ann. §56-1-405, the Company is required to non-admit special deposits held for the benefit of a specific state's policyholders to the extent that the deposit exceeds liabilities associated with that state's policyholders. Accordingly, the Company non-admitted its special deposit with Puerto Rico of \$243 thousand.

#### B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the *Quarterly Statement Instructions* and Statutory Accounting Principles requires management to make estimates and assumptions that affect amounts reported on the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

## Notes to Financial Statement

### 1. Summary of Significant Accounting Policies (continued)

#### C. Accounting Policy

The Company has adopted accounting policies with respect to particular accounts or transactions which could materially affect its assets, liabilities, capital and surplus or results of operations as follows:

- (1) Short-term investments include money market holdings that are stated at fair value. In addition, bonds with an original purchase maturity date of less than one year are stated at amortized cost using the straight-line method of amortization on premiums or discounts and are classified as short-term investments.
- (2) Bonds with an original purchase maturity date greater than one year are stated at amortized cost using the straight-line method of amortization on premiums or discounts. None of the Company's bonds became impaired during the nine months ending September 30, 2015 or the year ending December 31, 2014.
- (3) As of September 30, 2015 and December 31, 2014, the Company had 10.0 million shares, (\$1 par), of Class A common capital stock authorized, and 2.75 million of such shares issued and outstanding
- (4) Preferred Stocks: None
- (5) Mortgage Loans: None
- (6) Loan-backed Securities: None
- (7) Investment in Subsidiaries, Controlled and Affiliated Companies: None
- (8) Joint Ventures, Partnerships, and Limited Liability Companies: None
- (9) Derivatives: None
- (10) The Company does not utilize anticipated investment income as a factor in determining premium deficiencies.
- (11) The Company has recorded estimates of incurred but not reported claims for claims paid by external entities and subsequently billed to the Company such as claims paid by state pharmaceutical assistance programs and for paper claims. Incurred but not reported claims are estimated based on historical experience.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Amounts recorded in the Company's financial statements for pharmaceutical rebates are determined based on the amounts CVS Caremark Part D Services, L.L.C. ("Part D Services") an affiliates of the Parent Company, expects to collect from various pharmaceutical manufacturers.

### 2. Accounting Changes and Corrections of Errors

None

## Notes to Financial Statement

### 3. Business Combinations and Goodwill

- A. Statutory Purchase Method: None
- B. Statutory Merger: None
- C. Assumption Reinsurance: None
- D. Impairment Loss: None

### 4. Discontinued Operations

None

### 5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans: None
- B. Debt Restructuring: None
- C. Reverse Mortgages: None
- D. Loan-Backed Securities: None
- E. Repurchase Agreements and/or Securities Lending Transactions: None
- F. Real Estate: None
- G. Low-Income Housing Tax Credits ("LIHTC"): None

## Notes to Financial Statement

### 5. Investments (continued)

#### H. Restricted Assets:

##### (1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase/(Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ 0	\$ 0	\$ 0	\$ 0	0.000 %	0.000 %
b. Collateral held under security lending agreements	0	0	0	0	0.000	0.000
c. Subject to repurchase agreements	0	0	0	0	0.000	0.000
d. Subject to reverse repurchase agreements	0	0	0	0	0.000	0.000
e. Subject to dollar repurchase agreements	0	0	0	0	0.000	0.000
f. Subject to dollar reverse repurchase agreements	0	0	0	0	0.000	0.000
g. Placed under option contracts	0	0	0	0	0.000	0.000
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	0	0	0	0	0.000	0.000
i. FHLB capital stock	0	0	0	0	0.000	0.000
j. On deposit with states	3,916,223	3,676,518	239,705	3,673,247	0.110	0.105
k. On deposit with other regulatory bodies	242,977	508,091	(265,114)	0	0.007	0.000
l. Pledged collateral to FHLB (including assets backing funding agreements)	0	0	0	0	0.000	0.000
m. Pledged as collateral not captured in other categories	0	0	0	0	0.000	0.000
n. Other restricted assets	0	0	0	0	0.000	0.000
o. Total Restricted Assets	\$ 4,159,200	\$ 4,184,609	\$ (25,409)	\$ 3,673,247	0.117 %	0.105 %

(2) Detail of Assets Pledged as Collateral Not Captured in Other categories: None

(3) Detail of Other Restricted Assets: None

## Notes to Financial Statement

### 5. Investments (continued)

- I. Working Capital Finance Investments: None
- J. Offsetting and Netting of Assets and Liabilities: None
- K. Structured Notes: None

### 6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

### 7. Investment Income

- A. Due and accrued income was excluded from surplus on the following basis:  
  
All investment income due and accrued with amounts over 90 days past due are excluded from surplus.
- B. The total amount excluded was: None

### 8. Derivative Instruments

None

### 9. Income Taxes

No material changes.

### 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A., B., C During the nine months ending September 30, 2015 and the year ended December 31, 2014 the Company did not have any material transfer of assets to affiliates.
- D. The Company reported a net \$880.3 million and \$451.9 million payable to affiliates as of September 30, 2015 and December 31, 2014, respectively.
- E. The Company does not have any guarantees or undertakings for the benefit of an affiliate, which result in a material contingent exposure of the Company's or any related party's assets or liabilities.
- F. The following is a description of management and service contracts and cost sharing agreements involving the Company and any related party:

In general, the Company relies on its Parent Company and other affiliates under common control of the Ultimate Parent for all support and operations functions. For specific owner/affiliate relationships, refer to the Legal Entities Organizational Chart contained in Schedule Y.

Except for amounts due to other PDPs, all claims paid and incurred are based on amounts billed by the Parent Company and its affiliates for pharmacy claims filled by pharmacies in the Parent Company's pharmacy network or claims submitted to the Parent Company for pharmacy claims paid by state agencies.

## Notes to Financial Statement

### 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (continued)

Additionally, all pharmaceutical rebates are received or receivable from Part D Services, which contracts with pharmaceutical manufacturers for such rebates.

The Company owes the Parent Company and its affiliates \$1,190.5 million and \$682.9 million as of September 30, 2015 and December 31, 2014, respectively.

The following is a summary of the financial statement presentation of amounts due to the Company's Parent and affiliates.

Liabilities, Capital and Surplus	<u>September 30, 2015</u>	<u>December 31, 2014</u>
<i>Unpaid claims (line 1)</i>	\$ 126,728,426	\$ 76,862,186
<i>Taxes payable (lines 9 &amp; 10.1)</i>	147,929,993	101,758,033
<i>Ceded Reinsurance Premiums payable (line 11)</i>	35,570,741	52,390,590
<i>Amounts due to parent, subsidiaries and affiliates (line 15)</i>	880,284,335	451,922,329
	<u>\$ 1,190,513,495</u>	<u>\$ 682,933,138</u>

*Claims unpaid* represent an insured liability of the Company and is included in the accompanying balance sheets. *Ceded reinsurance premiums payable* is related to the Company's reinsurance agreement with CVS Caremark Indemnity, Ltd., an affiliate of the Company. *Amounts due to parent, subsidiaries and affiliates* is primarily comprised of amounts due for uninsured pharmacy claims processed, management fees from the Parent Company and intercompany funding.

The Company pays Part D Services a management fee for sales, accounting, tax, legal, information technology, compliance, claims processing and other administrative functions under a management services agreement that has been filed with the Department. The management fee is assessed on a per-member, per-month ("pmpm") and a per claim basis.

In addition, related to the Company's reinsurance agreement with CVS Caremark Indemnity, Ltd., the Company recognizes a reduction of expenses related to ceded expens

The following is a summary of the financial statement presentation of management fees owed to Part D Services and reinsurance expenses ceded to the CVS Caremark Indemnity, Ltd.:

Statement of Revenue and Expenses	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Management fee		
<i>Claims adjustment expenses (line 20)</i>	\$ 146,901,745	\$ 208,453,327
<i>General and administrative expenses (line 21)</i>	125,864,724	46,810,961
Total management fee	<u>\$ 272,766,469</u>	<u>\$ 255,264,288</u>
Reinsurance expenses ceded		
<i>Claims adjustment expenses (line 20)</i>	\$ 20,808,057	\$ 36,200,368
<i>General and administrative expenses (line 21)</i>	35,758,428	23,755,550
Total reinsurance expenses ceded	<u>\$ 56,566,485</u>	<u>\$ 59,955,918</u>

## Notes to Financial Statement

### 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (continued)

Payment terms require the Company to pay Part D Services all invoiced amounts for Claims and service fees thirty days in arrears after the Company receives an invoice. The settlement of rebates happens within sixty days of the beginning of the calendar quarter following receipt of such rebates by Part D Services.

The Company has a written tax-sharing agreement with the Ultimate Parent, and its allocation of the Ultimate Parent's federal and state income and premium taxes is based on the Company's federal and state tax liability determined as if the Company were filing its own separate tax return each year. The Company's tax sharing agreement with the Ultimate Parent provides that the Ultimate Parent will pay the Company for its net operating losses to the extent that such net operating loss is utilized in the reduction of the consolidated federal income tax liability. As of September 30, 2015 and December 31, 2014, the Company owed the Ultimate Parent \$140.4 million and \$97.4 million, respectively, for federal income taxes, which is reported as *current federal and foreign income tax payable* in the Statement of Liabilities, Capital and Surplus. As of September 30, 2015 and December 31, 2014, the Company owed the Ultimate Parent \$7.5 million and \$4.3 million, respectively, for state taxes, which is reported as *general expenses due or accrued* in the Statement of Liabilities, Capital and Surplus. Intercompany tax balances are settled annually.

- G. All outstanding shares of the Company are owned by the Parent Company.
- H. The Company does not own shares of stock of its Parent Company.
- I. The Company does not hold any interest in another company or limited partnership.
- J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. The Company does not have any investments in a foreign insurance subsidiary.
- L. The Company did not have any investments in a downstream non-insurance holding company.

### 11. Debt

None

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No change.

### 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) As of September 30, 2015 and December 31, 2014, the Company had 10.0 million shares, (\$1 par); of Class A *common capital stock* authorized and 2.75 million of such shares issued and outstanding.
- (2) The Company has no preferred stock outstanding.
- (3) Without prior approval of the domiciliary commissioner, dividends to shareholders are limited by the laws of Tennessee and are based on the restrictions relating to statutory surplus.



## Notes to Financial Statement

### 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations (continued)

(4) No dividends were paid by the Company during the nine months ending September 30, 2015 or the year ending December 31, 2014.

(5) The portion of the Company's profits that may be paid as ordinary dividends are limited by the laws of Tennessee. Tennessee law states that ordinary dividends must follow Tennessee Code Ann. § 56-11-105(e) and Tennessee Code Ann. § 56-11-106(b) for extraordinary dividends. Ordinary dividends from the previous twelve months are limited to the greater of ten percent of surplus or the net gain from operations.

Based on the previous financial statements, the Company would be permitted a \$124.6 million ordinary dividend based on 2014 net income. The Company does not currently intend to issue any dividends in 2015.

(6) The Company is subject to certain Risk-Based Capital ("RBC") requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a life/health insurance company is to be determined based on the various risk factors related to it. As of September 30, 2015 and December 31, 2014, there were no restrictions placed on the unassigned funds (surplus).

(7) The Company has no mutual reciprocals or any similarly organized entities.

(8) The Company does not hold any stock of the Ultimate Parent, including stock of affiliated entities for special purposes.

(9) The Company had a special surplus of \$39.3 million and \$61.6 million as of September 30, 2015 and December 31, 2014, respectively. The balance reported as special surplus funds is due to health plan fees incurred under Section 9010 of the Affordable Care Act ("ACA").

(10) As of September 30, 2015 and December 31, 2014, the Company had no unrealized gains or losses.

(11) The Company did not issue any surplus debenture of similar obligations.

(12) The Company did not experience an impact of any restatement due to prior quasi-reorganization.

(13) Not applicable.

### 14. Liabilities, Contingencies and Assessments

A. Contingent Commitments: None

B. Assessments: None

C. Gain Contingencies: None

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: None

E. Joint and Several Liabilities: None

## Notes to Financial Statement

### 14. Liabilities, Contingencies and Assessments (continued)

#### F. All Other Contingencies:

- a. Bad debt write-off: In January 2015, the Company did a write-off of all members receivable balances outstanding as of December 31, 2013 for basic and choice members. The total amount of the write-off was \$50.8 million. This balance was a non-admitted asset as of December 31, 2014.

As of December 31, 2014, the Company did a write-off of all members receivable balances outstanding as of 2014 for plus members. The total amount of the write-off was \$28 million.

### 15. Leases

A. Lessee Operating Lease: None

B. Lessor Leases: None

### 16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

None

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales: None

B. Transfer and Servicing of Financial Assets: None

C. Wash Sales: None

### 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans: None

B. ASC Plans

For the nine months ending September 30, 2015 and 2014, the gain from operations from Administrative Services Contract ("ASC") with uninsured plans is as follows:

#### September 30, 2015

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical costs incurred	\$ 1,589,185,073	\$ -	\$ 1,589,185,073
b. Gross administrative fees accrued	60,159,083	-	60,159,083
c. Other income or expense (including interest paid to or received from plans)	-	-	-
d. Gross expenses incurred (claims and administrative)	(1,649,344,156)	-	(1,649,344,156)
e. Total Net Operations	\$ -	\$ -	\$ -

## Notes to Financial Statement

### 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans (continued)

#### September 30, 2014

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical costs incurred	\$ 1,487,167,528	\$ -	\$ 1,487,167,528
b. Gross administrative fees accrued	63,855,064	-	63,855,064
c. Other income or expense (including interest paid to or received from plans)	-	-	-
d. Gross expenses incurred (claims and administrative)	(1,551,022,592)	-	(1,551,022,592)
e. Total Net Operations	\$ -	\$ -	\$ -

#### Medicare or Other Similarly Structured Cost Based Reimbursement Contract:

- (1) Revenue and prescription drug amounts for the nine months ending September 30, 2015 and 2014, exclude \$6,889.6 million and \$6,444.9 million, respectively, in subsidies from the Centers for Medicare and Medicaid Services ("CMS") for catastrophic reinsurance subsidies, low income cost sharing subsidies ("LICS") and the coverage gap discount program ("CGDP") pursuant to the Company's contracts with CMS
- (2) As of September 30, 2015 and December 31, 2014, *amounts receivable relating to uninsured plans* includes the following:

	<u>9/30/2015</u>	<u>12/31/2014</u>
CMS settlement-2009	\$ -	\$ 1,979,708
CMS settlement-2014	1,967,468,869	2,019,697,730
CMS settlement-2015	918,817,061	-
Coverage gap discount	443,746,341	519,262,565
Unbilled group AR	112,556,420	105,242,963
Billed group AR	1,320,154	4,687,662
<b>Total amounts receivable related to uninsured plans</b>	<b>\$ 3,443,908,845</b>	<b>\$ 2,650,870,627</b>

S

Settlement amounts due to or from CMS for a plan year for LICS and drugs covered by the catastrophic reinsurance feature are typically settled in the fourth quarter of the following year. As of September 30, 2015, the Company expects to receive \$1,967.5 million in the fourth quarter of 2015 related to the 2014 plan year and has recorded an asset of \$918.8 million related to the 2015 plan year, expected to be received in the fourth quarter of 2016. The Company collected the 2014 CMS settlement on October 30, 2015 in the amount of \$1,967.5 million.

## Notes to Financial Statement

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans (continued)**

Unbilled group AR represents the last week of claims for the month that are billed to the respective groups the first week of the following month.

Coverage gap discount receivable represents amounts invoiced by CMS to manufacturers on the Company's behalf. Fluctuations in this balance are due to timing of when CMS invoices the manufacturers and when collections are received.

(3) As of September 30, 2015 and December 31, 2014, there were no allowances or reserves for adjustment of recorded revenues.

(4) The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

None

**20. Fair Value Measurements**

SSAP 100, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States, and enhances disclosures about fair value measurements. SSAP 100 provides guidance on how to measure fair value when required under existing accounting standards.

The statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels ("Level 1, 2 and 3").

Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets the Company has the ability to access at the measurement date. Level 2 inputs are observable inputs, other than quoted prices included in Level 1, for the asset or liability. Level 3 inputs are unobservable inputs reflecting the Company's estimates of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The hierarchy requires the use of market observable information when available for assessing fair value. As the fair value of the Company's U.S. Treasury securities are based on unadjusted market prices, they are classified within Level 1.

The following methods and assumptions were used by the Company in estimating the "fair value" disclosures for financial instruments in the accompanying financial statements and notes thereto:

*Cash and short-term investments:* The carrying amounts reported in the accompany balance sheets for these financial instruments approximate their fair values.

*Investment Securities:* Fair values for bonds are based on the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company utilizes the three-level valuation hierarchy for the recognition and disclosure of fair value measurements. The categorization of assets and liabilities within this hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy consist of the following:

## Notes to Financial Statement

### 20. Fair Value Measurements (continued)

- *Level 1* - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- *Level 2* - Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.
- *Level 3* - Inputs to the valuation methodology are unobservable inputs based upon management's best estimate of inputs market participants could use in pricing the asset or liability at the measurement date, including assumptions about risk.

(1) Fair Value Measurements at Reporting Date:

#### September 30, 2015

<u>Description for each class of asset or liability</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Assets at fair value				
Cash	\$ (1,334,623)	\$ -	\$ -	\$ (1,334,623)
Short-Term investments	10,751,181	-	-	10,751,181
Matured investment being held by State for release	-	-	-	-
Total Assets at fair value	\$ <u>9,416,558</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,416,558</u>

#### September 30, 2014

<u>Description for each class of asset or liability</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Assets at fair value				
Cash	\$ (420,018)	\$ -	\$ -	\$ (420,018)
Short-Term investments	64,189,764	-	-	64,189,764
Matured investment being held by State for release	-	-	-	-
Total Assets at fair value	\$ <u>63,769,746</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>63,769,746</u>

There have been no transfers between Level 1 and Level 2 of the Fair Value Hierarchy in the current reporting period.

(2) Fair Value Measurement (Level 3) of the Fair Value Hierarchy: Not Applicable

(3) Fair Value Measurement (Level 3) Transfers: Not Applicable

(4) Inputs for Valuation of Fair Value of Level 2 and Level 3 Investments: Bank valuation provided in monthly statements are utilized to estimate fair market value.

(5) Fair Value of Derivative Assets and Liabilities: Not Applicable

A. Other Accounting Pronouncements: Not Applicable

## Notes to Financial Statement

### 20. Fair Value Measurements (continued)

B. Aggregate fair value for all financial instruments at reporting date:

#### September 30, 2015

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 2,511,658	\$ 2,508,214	\$ 2,508,214	\$ -	\$ -	\$ -
Cash	\$ (1,334,623)	\$ (1,334,623)	\$ (1,334,623)	\$ -	\$ -	\$ -
Short Term Investments	\$ 10,751,181	\$ 10,751,181	\$ 10,751,181	\$ -	\$ -	\$ -

#### December 31, 2014

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 2,806,317	\$ 2,819,579	\$ 2,304,257	\$ 502,060	\$ -	\$ -
Cash	\$ (420,018)	\$ (420,018)	\$ (420,018)	\$ -	\$ -	\$ -
Short Term Investments	\$ 64,189,764	\$ 64,189,764	\$ 64,189,764	\$ -	\$ -	\$ -

C. Not Practicable to Estimate Fair Value

As of September 30, 2015 and December 31, 2014, the Company did not own any financial instruments that were not practicable to estimate fair value.

Money market funds in active markets are classified within Level 1 as fair values are based on quoted market prices.

As of September 30, 2015, bonds, and short-term investments with an admitted asset value of \$2.5 million, and \$1.2 million, respectively, were on deposit with state insurance and other departments to satisfy regulatory requirements.

As of December 31, 2014, bonds, short-term investments and cash with an admitted asset value of \$2.8 million, \$1.2 million, and \$0.2 million, respectively, were on deposit with state insurance and other departments to satisfy regulatory requirements.

Management regularly reviews the value of the Company's investments. If the value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the following is considered:

- The length of time and the extent to which the fair value has been below cost;
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential; and
- Management's intent and ability to hold the security long enough for it to recover its value.

## Notes to Financial Statement

### 20. Fair Value Measurements (continued)

Based on that analysis, management makes a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, an impairment charge is recorded within net realized investment gains (losses) in the statements of operations in the period the determination is made. For the nine months ending September 30, 2015 and the year ending December 31, 2014, management determined that none of the Company's investments had sustained an other-than-temporary decline in value.

### 21. Other Items

- A. Extraordinary Items: None
- B. Troubled Debt Restructuring - Debtors: None
- C. Other Disclosures and Unusual Items: None
- D. Business Interruption Insurance Recoveries: None
- E. State Transferable Tax Credits: None
- F. Subprime-Mortgage-Related Risk Exposure: None
- G. Retained Assets: None

### 22. Events Subsequent

The Company has assessed and concluded that there were no material subsequent events, through November 13, 2015, the date which the financial statements were available to be issued.

### 23. Reinsurance

- A. Ceded Reinsurance Report

The Company entered into a reinsurance agreement with FirstCare, an unaffiliated authorized insurance company, effective July 11, 2014 in which the Company cedes 100% of the business on an acquired contract to FirstCare. Effective January 1, 2015, the FirstCare membership was novated into the Company and the FirstCare contract (\$5766) is no longer an active contract with CMS. The Company's ceded premiums totaled \$0 million during the nine months ending September 30, 2015 and \$15.1 million from purchase date through December 31, 2014.

Neither the Company nor any of its related parties control, directly or indirectly, First Care. No policies to First Care issued by the Company have been reinsured with a foreign company, which is controlled, either directly or indirectly, by a party not primarily engaged in the business of insurance. The Company does not have any reinsurance agreements in effect under which First Care may unilaterally cancel the agreement. As of September 30, 2015 there are no reinsurance agreements in effect such that the amount of losses paid or accrued exceed the total direct premium collected for First Care.

The Company has a quota share reinsurance agreement with an affiliate of the Parent Company, CVS Caremark Indemnity, Ltd., a Bermuda domiciled insurer. Under the terms of this agreement, the Company cedes 20% of the Company's share of the risk associated with individual and group premiums and claims. This agreement was approved by the Department on August 15, 2011, and was retroactive to January 1, 2011.

## Notes to Financial Statement

### 23. Reinsurance (continued)

The following is a financial summary of the ceded amounts and related expenses under this agreement:

	<u>Nine months ending September 30, 2015</u>		<u>Year ending December 31, 2014</u>	
<b>Statement of Revenue and Expense:</b>				
Premiums	\$	472,011,250	\$	626,614,729
Benefits		(379,162,715)		(498,502,978)
Commissions expense		(56,566,485)		(74,238,026)
Interest (revenue) expense		205,721		66,593
Total revenue and expense ceded	\$	36,487,771	\$	53,940,318
<b>Balance Sheet:</b>				
Claims unpaid	\$	32,520,049	\$	27,522,498
Aggregate health policy reserves		50,325,797		47,116,664
Accrued retrospective premiums		-		-
Premiums received in advance		1,127,469		896,844
Premiums receivable		(2,842,613)		(3,400,305)
Accrued incentive pool		4,756,535		3,595,274
Total ceded balance sheet Items	\$	85,887,237	\$	75,730,975
<b>Settlement of Prior Year Activity</b>				
	\$	(917,030)	\$	(1,549,727)
Funds held by or deposited with reinsured companies	\$	520,827,623	\$	671,294,524
Funds held under reinsurance treaties with unauthorized reinsurers		(399,369,645)		(543,172,958)
Amount due to CVS Caremark Indemnity, Ltd.	\$	121,457,978	\$	128,121,566

B. Uncollectible Reinsurance: None

C. Commutation of Ceded Reinsurance

The Company did not commute any ceded reinsurance nor did it enter into or engage in any agreement that reinsures policies or contracts that were in-force or had existing reserves as of the effective date of such agreements.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The Company's Medicare Part D contract with CMS contains a risk corridor feature. Due to the risk corridor feature, the Company's business is accounted for as a retrospectively rated contract. The Company estimates retrospective premium adjustments using a mathematical approach based on the Company's underwriting experience. As of September 30, 2015 and December 31, 2014, accrued retroactive premium adjustments were reported as an *aggregate health policy reserves* in the amount of \$245.6 million and \$225.7 million, respectively.



## Notes to Financial Statement

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination (continued)

- B. The Company records the risk corridor adjustment as an adjustment to earned premiums.
- C. The amount of net direct premiums written by the Company during the nine months ending September 30, 2015 and 2014 that was subject to the retrospective rating feature was \$2,377.6 million and \$2,588.9 million, respectively, which represented 98% and 92%, respectively, of the total premiums written, excluding risk corridor adjustment.
- D. Medical loss ratio rebates required pursuant to the Public Health Service Act: Not applicable.
- E. Risk Sharing Provisions of the ACA: The Company only offers health insurance coverage under Medicare Part D and is not a qualified health plan under the definition of the ACA.

- (1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)?

No

- (2) Impact of Risk-Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

a. Permanent ACA Risk Adjustment Program

Assets

- 1. Premium adjustments receivable due to ACA Risk Adjustment: None

Liabilities

- 2. Risk adjustment user fees payable for ACA Risk Adjustment: None
- 3. Premium adjustments payable due to ACA Risk Adjustment: None

Operations (Revenue & Expense)

- 4. Reported as revenue in premium for accident and health contracts due to ACA Risk Adjustment: None
- 5. Reported in expenses as ACA Risk Adjustment user fees: None

b. Transitional ACA Reinsurance Program

Assets

- 1. Amounts recoverable for claims paid due to ACA Reinsurance: None
- 2. Amounts recoverable for claims unpaid due to ACA Reinsurance: None
- 3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance: None

Liabilities

- 4. Liabilities for contributions payable due to ACA Reinsurance: None
- 5. Ceded reinsurance premiums payable due to ACA Reinsurance: None
- 6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance: None

Operations (Revenue & Expense)

- 7. Ceded reinsurance premiums due to ACA Reinsurance: None
- 8. Reinsurance recoveries due to ACA Reinsurance payments or expected payments: None
- 9. ACA Reinsurance contributions: None

c. Temporary ACA Risk Corridors Program

Assets

- 1. Accrued retrospective premium due to ACA Risk Corridors: None
- 2. Reserve for rate credits or policy experience ratings refunds due to ACA Risk Corridor: None

## Notes to Financial Statement

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination (continued)

Operations (Revenue & Expense)

3. Effect of ACA Risk Corridors on net premium income: None
4. Effect of ACA Risk Corridors on change in reserves for rate credits: None

### 25. Change in Incurred Claims and Claim Adjustment Expenses

The following table provides a reconciliation of the beginning and ending balances of claims unpaid, accruals for medical incentive pool and bonus, and health care receivables as follows:

	Nine months ending September 30, 2015	Year Ended December 31, 2014
Balances as of January 1:		
Reserves for unpaid claims	\$ 115,324,366	\$ 203,622,464
Reserve for incentive pools	14,381,096	200,000
	<u>\$ 129,705,462</u>	<u>\$ 203,822,464</u>
Incurred related to:		
Current year	\$ 1,534,852,713	\$ 2,034,743,325
Prior year	(31,626,308)	(38,294,951)
	<u>\$ 1,503,226,405</u>	<u>\$ 1,996,448,374</u>
Paid (received) related to:		
Current year	\$ 1,406,404,254	\$ 1,939,436,406
Prior year	54,973,898	131,128,970
	<u>\$ 1,461,378,152</u>	<u>\$ 2,070,565,376</u>
Balances as of June 30, 2015 and December 31, 2014:		
Reserves for unpaid claims	\$ 152,527,576	\$ 115,324,366
Reserve for incentive pools	19,026,139	14,381,096
	<u>\$ 171,553,715</u>	<u>\$ 129,705,462</u>

Changes in prior year reserves are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding claims. It is at least reasonably possible that a further change in the incurred but not reported claims could occur within one year from the date of these financial statements and that such a change in these estimates could be material to the financial statements.

During 2015, the Company experienced \$31.6 million of favorable prior year claims development, all of which related to retrospectively rated policies. This favorable development occurred due primarily to favorable pharmaceutical rebates related to the prior year credited to the Company by Part D Services and changes in valuation of settlement amounts with CMS.

During 2014, the Company experienced \$38.3 million of favorable prior year claims development, all of which related to retrospectively rated policies. This favorable development occurred due primarily to reductions in reserve levels associated with favorable run out activity and additional pharmaceutical rebates related to the prior year credited to the Company by Part D Services.

These amounts do not include the LICs, CGDP or reinsurance portions of claims that have been or will be reimbursed by CMS or drug manufacturers.

## Notes to Financial Statement

### 26. Intercompany Pooling Arrangements

None

### 27. Structured Settlements

None

### 28. Health Care Receivables

The Company has contracted with its Part D Services for pharmaceutical rebates. Amounts recorded in the Company's financial statements are determined based on the amounts the Part D Services has collected or expects to collect or expects to collect as invoiced or otherwise confirmed by Part D Services. The Company reports pharmaceutical rebates due to/from Part D Services as health care receivables.

#### A. Pharmaceutical Rebate Receivables:

Quarter	Estimated Pharmacy Rebates Pertaining to Current Quarter Scripts Filed and as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
9/30/2015	\$ 1,301,148,795	\$ 1,301,148,795	\$ 1,301,148,795	\$ -	\$ -
6/30/2015	1,240,858,947	1,240,577,788	1,240,577,788	-	-
3/31/2015	1,140,838,325	1,148,504,321	1,148,504,321	-	-
12/31/2014	1,045,432,516	1,051,953,462	1,051,953,462	-	-
9/30/2014	985,349,924	1,002,356,578	1,002,356,578	-	-
6/30/2014	887,340,228	912,297,110	912,297,110	-	-
3/31/2014	840,093,937	844,754,714	844,754,714	-	-
12/31/2013	848,627,331	852,318,880	852,318,880	-	-
9/30/2013	810,829,528	822,402,388	822,402,388	-	-
6/30/2013	731,002,181	731,938,650	731,938,650	-	-
3/31/2013	668,954,875	704,349,149	704,349,149	-	-
12/31/2012	252,612,034	268,034,720	266,978,043	1,055,831	846

#### B. Risk Sharing Receivables:

None

### 29. Participating Policies

None

### 30. Premium Deficiency Reserves

None

### 31. Anticipated Salvage and Subrogation

None

STATEMENT AS OF SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [ ] No [ X ]

1.2

If yes, has the report been filed with the domiciliary state?

Yes [ ] No [ ]

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ ] No [ X ]

2.2

If yes, date of change:

3.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1 and 1A.

Yes [ X ] No [ ]

3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [ ] No [ X ]

3.3

If the response to 3.2 is yes, provide a brief description of those changes.

4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [ ] No [ X ]

4.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes [ ] No [ X ] N/A [ ]

6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2013

6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2013

6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/17/2015

6.4

By what department or departments?  
State of Tennessee, Department of Commerce & Insurance

6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [ ] No [ ] N/A [ X ]

6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [ X ] No [ ] N/A [ ]

7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [ ] No [ X ]

7.2

If yes, give full information:

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ] No [ X ]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [ ] No [ X ]

8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

STATEMENT AS OF SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity; (c) Compliance with applicable governmental laws, rules and regulations; (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and (e) Accountability for adherence to the code.

Yes [ X ] No [ ]
- 9.11

If the response to 9.1 is No, please explain:
- 9.2

Has the code of ethics for senior managers been amended?

Yes [ ] No [ X ]
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [ ] No [ X ]
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ ] No [ X ]
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [ ] No [ X ]
- 11.2

If yes, give full and complete information relating thereto:
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$0
13.

Amount of real estate and mortgages held in short-term investments:

\$0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [ ] No [ X ]
- 14.2

If yes, please complete the following:
- |   | 1   | 2  |
|---|---|--|
|   | Prior Year-End Book/Adjusted Carrying Value | Current Quarter Book/Adjusted Carrying Value |
| 14.21 Bonds   | \$0   | \$   |
| 14.22 Preferred Stock   | \$0   | \$   |
| 14.23 Common Stock  | \$0   | \$   |
| 14.24 Short-Term Investments  | \$0   | \$   |
| 14.25 Mortgage Loans on Real Estate   | \$0   | \$   |
| 14.26 All Other   | \$0   | \$   |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | \$0   | \$0  |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above                       | \$  | \$   |
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes [ ] No [ X ]
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [ ] No [ X ]

STATEMENT AS OF SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$0
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$0
- 16.3 Total payable for securities lending reported on the liability page

\$0

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?
- Yes [X] No [ ]

- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Bank of America, N.A.	1655 Grant Street, Concord, CA 94520
Bank of America, N.A.	200 N College Street, Charlotte, NC 28255
Regions Bank	400 West Capital, Little Rock, AR 72201
Suntrust	919 East Main Street, 7th Floor, Richmond, VA 23219
US Bank	225 Water Street, Ste. 700, Jacksonville, FL 32202
Xerox State & Local Solutions, Inc	100 Hancock Street 10th Floor, Quincy, MA 02171

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?
- Yes [ ] No [X]

- 17.4 If yes, give full information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- Yes [X] No [ ]

- 18.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:

1.1 A&H loss percent .....80.9 %  
1.2 A&H cost containment percent .....1.0 %  
1.3 A&H expense percent excluding cost containment expenses .....12.8 %
- 2.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [ X ]
- 2.2 If yes, please provide the amount of custodial funds held as of the reporting date .....\$.....
- 2.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [ X ]
- 2.4 If yes, please provide the balance of the funds administered as of the reporting date .....\$.....

## SCHEDULE S - CEDED REINSURANCE

[illegible]



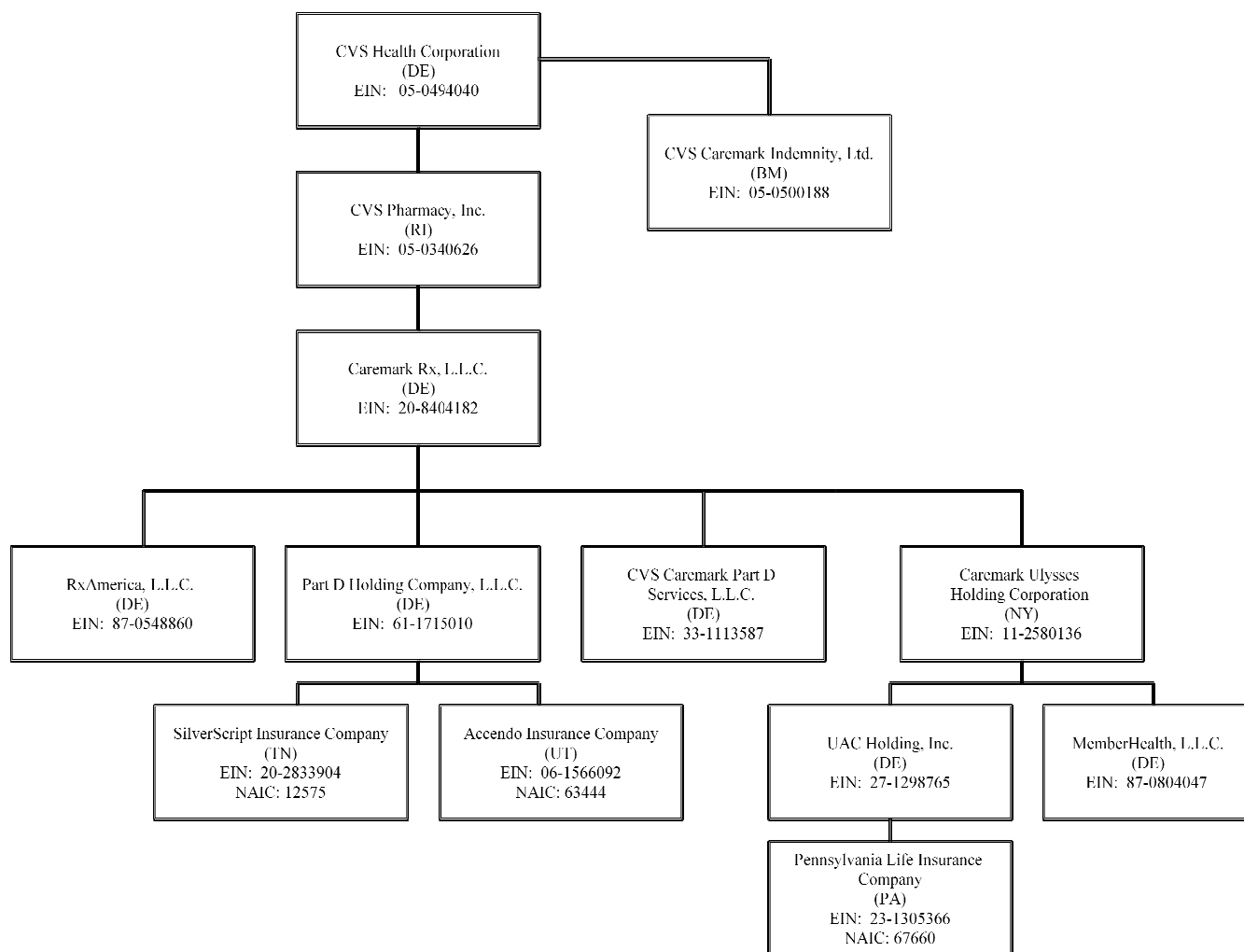
STATEMENT AS OF SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama .....	AL	L	38,306,871					38,306,871	
2.	Alaska .....	AK	L	1,219,704					1,219,704	
3.	Arizona .....	AZ	L	23,229,159					23,229,159	
4.	Arkansas .....	AR	L	37,797,804					37,797,804	
5.	California .....	CA	L	286,641,014					286,641,014	
6.	Colorado .....	CO	L	13,525,476					13,525,476	
7.	Connecticut .....	CT	L	36,859,915					36,859,915	
8.	Delaware .....	DE	L	7,585,196					7,585,196	
9.	District of Columbia .....	DC	L	4,943,373					4,943,373	
10.	Florida .....	FL	L	88,795,137					88,795,137	
11.	Georgia .....	GA	L	76,959,904					76,959,904	
12.	Hawaii .....	HI	L	1,730,541					1,730,541	
13.	Idaho .....	ID	L	10,267,992					10,267,992	
14.	Illinois .....	IL	L	69,445,440					69,445,440	
15.	Indiana .....	IN	L	47,312,121					47,312,121	
16.	Iowa .....	IA	L	32,833,601					32,833,601	
17.	Kansas .....	KS	L	25,817,486					25,817,486	
18.	Kentucky .....	KY	L	47,087,467					47,087,467	
19.	Louisiana .....	LA	L	56,302,682					56,302,682	
20.	Maine .....	ME	L	4,019,271					4,019,271	
21.	Maryland .....	MD	L	43,150,594					43,150,594	
22.	Massachusetts .....	MA	L	87,735,564					87,735,564	
23.	Michigan .....	MI	L	59,153,481					59,153,481	
24.	Minnesota .....	MN	L	35,797,969					35,797,969	
25.	Mississippi .....	MS	L	40,459,316					40,459,316	
26.	Missouri .....	MO	L	82,450,287					82,450,287	
27.	Montana .....	MT	L	9,510,807					9,510,807	
28.	Nebraska .....	NE	L	18,421,873					18,421,873	
29.	Nevada .....	NV	L	8,400,717					8,400,717	
30.	New Hampshire .....	NH	L	7,204,548					7,204,548	
31.	New Jersey .....	NJ	L	80,764,715					80,764,715	
32.	New Mexico .....	NM	L	17,001,224					17,001,224	
33.	New York .....	NY	L	158,637,743					158,637,743	
34.	North Carolina .....	NC	L	95,036,815					95,036,815	
35.	North Dakota .....	ND	L	9,788,436					9,788,436	
36.	Ohio .....	OH	L	90,188,560					90,188,560	
37.	Oklahoma .....	OK	L	46,360,653					46,360,653	
38.	Oregon .....	OR	L	19,998,354					19,998,354	
39.	Pennsylvania .....	PA	L	124,928,824					124,928,824	
40.	Rhode Island .....	RI	L	13,544,127					13,544,127	
41.	South Carolina .....	SC	L	41,388,446					41,388,446	
42.	South Dakota .....	SD	L	9,219,748					9,219,748	
43.	Tennessee .....	TN	L	43,721,694					43,721,694	
44.	Texas .....	TX	L	126,642,980					126,642,980	
45.	Utah .....	UT	L	8,128,116					8,128,116	
46.	Vermont .....	VT	L	10,652,492					10,652,492	
47.	Virginia .....	VA	L	49,549,578					49,549,578	
48.	Washington .....	WA	L	45,158,793					45,158,793	
49.	West Virginia .....	WV	L	32,403,505					32,403,505	
50.	Wisconsin .....	WI	L	47,079,472					47,079,472	
51.	Wyoming .....	WY	L	4,171,262					4,171,262	
52.	American Samoa .....	AS	N	0					0	
53.	Guam .....	GU	L	0					0	
54.	Puerto Rico .....	PR	L	270,086					270,086	
55.	U.S. Virgin Islands .....	VI	L	23,939					23,939	
56.	Northern Mariana Islands .....	MP	L	0					0	
57.	Canada .....	CAN	N	0					0	
58.	Aggregate Other Aliens .....	OT	XXX	0	0	0	0	0	0	0
59.	Subtotal .....	XXX	2,377,624,872	0	0	0	0	0	2,377,624,872	0
60.	Reporting Entity Contributions for Employee Benefit Plans .....	XXX							0	
61.	Totals (Direct Business) .....	(a) 55	2,377,624,872	0	0	0	0	0	2,377,624,872	0
DETAILS OF WRITE-INS										
58001.	.....	XXX								
58002.	.....	XXX								
58003.	.....	XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page .....	XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above) .....	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.  
(a) Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 – ORGANIZATIONAL CHART**



This organizational chart reflects the insurance entity reporting system and identifies the relationship between the ultimate parent and all member insurers. The ultimate controlling company is a Fortune 10 company with numerous subsidiaries, the majority of which do not interact with the insurance entities.

## STATEMENT AS OF SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

## SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

[illegible]

Asterisk	Explanation
.....	.....

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

Response

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? .....

YES

Explanation:

Bar Code:



SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Current year change in encumbrances .....		
4. Total gain (loss) on disposals .....		
5. Deduct amounts received on disposals .....		
6. Total foreign exchange change in book/adjusted carrying value .....		
7. Deduct current year's other than temporary impairment recognized .....		
8. Deduct current year's depreciation .....		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....		
10. Deduct total nonadmitted amounts .....		
11. Statement value at end of current period (Line 9 minus Line 10) .....		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and mortgage interest point and commitment fees .....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....		
12. Total valuation allowance .....		
13. Subtotal (Line 11 plus Line 12) .....		
14. Deduct total nonadmitted amounts .....		
15. Statement value at end of current period (Line 13 minus Line 14) .....		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and depreciation .....		
9. Total foreign exchange change in book/adjusted carrying value .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....		
12. Deduct total nonadmitted amounts .....		
13. Statement value at end of current period (Line 11 minus Line 12) .....		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	2,819,579	2,852,200
2. Cost of bonds and stocks acquired .....	427,234	633,063
3. Accrual of discount .....	19,785	896
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration for bonds and stocks disposed of .....	500,000	640,000
7. Deduct amortization of premium .....	15,407	26,580
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	2,751,191	2,819,579
11. Deduct total nonadmitted amounts .....	242,977	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	2,508,214	2,819,579

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a) .....	11,236,461	247,667,713	245,642,883	(1,896)	15,131,080	11,236,461	13,259,395	66,501,252
2. NAIC 2 (a) .....	0				0	0	0	0
3. NAIC 3 (a) .....	0				0	0	0	508,091
4. NAIC 4 (a) .....	0				0	0	0	0
5. NAIC 5 (a) .....	500,045		500,000	(45)	504,090	500,045	0	0
6. NAIC 6 (a) .....	0	225,000		17,977	0	0	242,977	0
7. Total Bonds	11,736,506	247,892,713	246,142,883	16,036	15,635,170	11,736,506	13,502,372	67,009,343
PREFERRED STOCK								
8. NAIC 1 .....	0				0	0	0	0
9. NAIC 2 .....	0				0	0	0	0
10. NAIC 3 .....	0				0	0	0	0
11. NAIC 4 .....	0				0	0	0	0
12. NAIC 5 .....	0				0	0	0	0
13. NAIC 6 .....	0				0	0	0	0
14. Total Preferred Stock .....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	11,736,506	247,892,713	246,142,883	16,036	15,635,170	11,736,506	13,502,372	67,009,343

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ ..... ; NAIC 2 \$ ..... ; NAIC 3 \$ ..... ;  
NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year-to-Date	Paid for Accrued Interest Year-to-Date
9199999 Totals	10,751,181	xxx	10,751,181	1,390	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	64,189,764	51,191,036
2. Cost of short-term investments acquired .....	913,487,354	1,144,325,349
3. Accrual of discount .....		0
4. Unrealized valuation increase (decrease) .....		0
5. Total gain (loss) on disposals .....		0
6. Deduct consideration received on disposals .....	966,925,937	1,131,326,621
7. Deduct amortization of premium .....		0
8. Total foreign exchange change in book/adjusted carrying value .....		0
9. Deduct current year's other than temporary impairment recognized .....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	10,751,181	64,189,764
11. Deduct total nonadmitted amounts .....		0
12. Statement value at end of current period (Line 10 minus Line 11)	10,751,181	64,189,764



Schedule DB - Part A - Verification - Options, Caps, Floors, Collars, Swaps and Forwards  
**N O N E**

Schedule DB - Part B - Verification - Futures Contracts  
**N O N E**

Schedule DB - Part C - Section 1 - Replication (Synthetic Asset) Transactions (RSATs) Open  
**N O N E**

Schedule DB-Part C-Section 2-Reconciliation of Replication (Synthetic Asset) Transactions Open  
**N O N E**

Schedule DB - Verification - Book/Adjusted Carrying Value, Fair Value and Potential Exposure of  
Derivatives  
**N O N E**

Schedule E - Verification - Cash Equivalents  
**N O N E**

Schedule A - Part 2 - Real Estate Acquired and Additions Made  
**N O N E**

Schedule A - Part 3 - Real Estate Disposed  
**N O N E**

Schedule B - Part 2 - Mortgage Loans Acquired and Additions Made  
**N O N E**

Schedule B - Part 3 - Mortgage Loans Disposed, Transferred or Repaid  
**N O N E**

Schedule BA - Part 2 - Other Long-Term Invested Assets Acquired and Additions Made  
**N O N E**

Schedule BA - Part 3 - Other Long-Term Invested Assets Disposed, Transferred or Repaid  
**N O N E**

STATEMENT AS OF SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
912828-RH-5	Certificate of Deposit		08/13/2015	Bank of America		202,234	200,000	1,014	1
0599999	Subtotal - Bonds - U.S. Governments					202,234	200,000	1,014	XXX
745177-FN-0	US Specialty Revenue & Special Assignment		07/06/2015	Bank of America		225,000	500,000	9,418	6
1799999	Subtotal - Bonds - U.S. States, Territories and Possessions					225,000	500,000	9,418	XXX
8399997	Total - Bonds - Part 3					427,234	700,000	10,432	XXX
8399998	Total - Bonds - Part 5					XXX	XXX	XXX	XXX
8399999	Total - Bonds					427,234	700,000	10,432	XXX
8999997	Total - Preferred Stocks - Part 3					0	XXX	0	XXX
8999998	Total - Preferred Stocks - Part 5					XXX	XXX	XXX	XXX
8999999	Total - Preferred Stocks					0	XXX	0	XXX
9799997	Total - Common Stocks - Part 3					0	XXX	0	XXX
9799998	Total - Common Stocks - Part 5					XXX	XXX	XXX	XXX
9799999	Total - Common Stocks					0	XXX	0	XXX
9899999	Total - Preferred and Common Stocks					0	XXX	0	XXX
9999999	Totals					427,234	XXX	10,432	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

## STATEMENT AS OF SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

## SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident- ification	Description	For- eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor- tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog- nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Con- tractual Maturity Date	NAIC Design- ation or Market In- dicator (a)
.745220-FE-8	US Specialty Revenue & Special Assignment		.07/01/2015	Bank of America		500,000	500,000	548,635	508,136		8,136		8,136		500,000			0	27,500	.07/01/2015	6
17999999.	Subtotal - Bonds - U.S. States, Territories and Possessions					500,000	500,000	548,635	508,136	0	8,136	0	8,136	0	500,000	0	0	0	27,500	XXX	XXX
8399997.	Total - Bonds - Part 4					500,000	500,000	548,635	508,136	0	8,136	0	8,136	0	500,000	0	0	0	27,500	XXX	XXX
8399998.	Total - Bonds - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
83999999.	Total - Bonds					500,000	500,000	548,635	508,136	0	8,136	0	8,136	0	500,000	0	0	0	27,500	XXX	XXX
8999997.	Total - Preferred Stocks - Part 4					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8999998.	Total - Preferred Stocks - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
89999999.	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799997.	Total - Common Stocks - Part 4					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799998.	Total - Common Stocks - Part 5					XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
97999999.	Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
98999999.	Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
99999999.	Totals					500,000	XXX	548,635	508,136	0	8,136	0	8,136	0	500,000	0	0	0	27,500	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues.....

Schedule DB - Part A - Section 1 - Options, Caps, Floors, Collars, Swaps and Forwards Open  
**N O N E**

Schedule DB - Part B - Section 1 - Futures Contracts Open  
**N O N E**

Schedule DB - Part B - Section 1B - Brokers with whom cash deposits have been made  
**N O N E**

Schedule DB - Part D - Section 1 - Counterparty Exposure for Derivative Instruments Open  
**N O N E**

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged By  
**N O N E**

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged To  
**N O N E**

Schedule DL - Part 1 - Reinvested Collateral Assets Owned  
**N O N E**

Schedule DL - Part 2 - Reinvested Collateral Assets Owned  
**N O N E**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
					First Month	Second Month	Third Month	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date				*
Bank of America ..... Concord, MA .....					(1,210,698)	(237,618)	(1,334,623)	XXX
Bank of America ..... Charlotte, NC .....		0.003	612	0	200,000	0	0	XXX
0199998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Open Depositories	XXX	XXX						XXX
0199999. Totals - Open Depositories	XXX	XXX	612	0	(1,010,698)	(237,618)	(1,334,623)	XXX
0299998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Suspended Depositories	XXX	XXX						XXX
0299999. Totals - Suspended Depositories	XXX	XXX	0	0	0	0	0	XXX
0399999. Total Cash on Deposit	XXX	XXX	612	0	(1,010,698)	(237,618)	(1,334,623)	XXX
0499999. Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999. Total - Cash	XXX	XXX	612	0	(1,010,698)	(237,618)	(1,334,623)	XXX

STATEMENT AS OF SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due and Accrued	Amount Received During Year
NONE							
8699999 - Total Cash Equivalents							



SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2015 OF THE SilverScript Insurance Company

**MEDICARE PART D COVERAGE SUPPLEMENT**

(Net of Reinsurance)

NAIC Group Code 4667

NAIC Company Code 12575

	Individual Coverage		Group Coverage		5
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	Total Cash
1. Premiums Collected .....	1,846,963,848	XXX	38,790,722	XXX	1,885,754,570
2. Earned Premiums .....	1,844,151,238	XXX	38,312,442	XXX	XXX
3. Claims Paid .....	1,433,639,056	XXX	27,739,096	XXX	1,461,378,152
4. Claims Incurred .....	1,474,984,307	XXX	28,242,099	XXX	XXX
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a) .....	XXX	440,487,482	XXX	178,964,322	619,451,804
6. Aggregate Policy Reserves - Change .....		XXX		XXX	XXX
7. Expenses Paid .....	253,286,556	XXX	5,262,056	XXX	258,548,612
8. Expenses Incurred .....	254,659,794	XXX	5,290,585	XXX	XXX
9. Underwriting Gain or Loss .....	114,507,137	XXX	4,779,758	XXX	XXX
10. Cash Flow Result .....	XXX	XXX	XXX	XXX	(453,623,998)

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ 2,886,285,930 due from CMS or \$ 15,841,760 due to CMS